(ABN 72 056 482 636)

2016 ANNUAL REPORT

CORPORATE DIRECTORY

AUSTRALIAN COMPANY NUMBER:
056 482 636

DIRECTORS:
Glyn Gregory Horne Denison
Jeffrey David Edwards
Christopher John Quirk

SECRETARY:
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REVIEW OF OPERATIONS

The 2016 financial year has seen OBJ take very strong steps towards sustaining licensing revenues from its first two product licenses and for possible licensing from OBJ's own internally developed product. The execution of the Master Licensing Agreement and Licensing Terms Sheets for products for SK-II and Olay are significant milestones in the quest to achieve sustaining licensing revenue as a result of the Product Development Agreement (PDA) and Master Licensing Agreement executed with Procter & Gamble (P&G) during the financial year.

OBJ worked closely with the SK-II and Olay teams throughout the period, developing plans for the broader use of OBJ's technologies across multiple products. A number of these have progressed to production engineering stage following successful consumer and field testing.

The Company's focus on Consumer Healthcare Partnering and its own internal development programs in joint pain management, surface hygiene and digital skincare systems has yielded positive progress in all areas. During the year, all of these major reported projects have progressed well and the Directors are pleased to provide the following summary of partnering activities together with its own product development, marketing initiatives and technical developments.

During the year, OBJ conducted a successful Placement and Share Purchase Plan to ensure the Company has appropriate capitalisation to meet the many development programs underway.

While the Company has a number of international partnering programs at various stages of development, the relationships with P&G has continued to grow and are particularly important initiatives to underpin the Company's growth.

CAPITAL RAISING

OBJ successfully raised $6.25 million (before costs) in an oversubscribed placement of shares with strong support from new institutional and sophisticated investors ("Placement") during this year. The Company also undertook a share purchase plan ("SPP") enabling existing shareholders to participate in the capital raise at the same price as the large institutional and sophisticated investors.

Baker Young Stockbrokers acted as lead manager to the placement and Argonaut Securities acted as joint book runners.

The proceeds from the Placement and SPP are to be predominantly used to:

- accelerate development of OBJ's varied pipeline of platform technologies;
- service the growing number of programs that assist existing partners in upcoming product roll-outs;
- allow OBJ to expand the number of third party relationships in regard to additional partnering/license agreements;
- provide working capital for the Company to offer its partners turnkey commercialisation of their product lines; and
- strengthen OBJ's statement of financial position that will assist in upcoming potential partnering/license negotiations.

The Company is now well capitalised to meet these requirements with initial revenues from the recently announced first two product licensing terms expected to commence during the 2017 financial year.

PROCTER & GAMBLE

The new PDA with P&G that was executed during the year now extends the innovation pipeline out to 2021. Replacing the original PDA executed in 2014, the new PDA has now been expanded to accommodate P&G's desire to evaluate new OBJ technologies beyond the current micro-array platforms.

The PDA includes the over-arching multi-product and multi-category terms for license agreements that have emerged from development programs undertaken by OBJ while being funded by P&G.

REVIEW OF OPERATIONS *(continued)*

Under the PDA, P&G retains a worldwide exclusive right to commercialise OBJ's non-powered magnetic micro-array technology within specifically defined product categories. This agreement acts as the cornerstone of the relationship between OBJ and the world's largest fast-moving consumer goods company, designed to streamline the way in which P&G brand managers can explore the benefits of OBJ's technologies.

The first PDA created an excellent working relationship for OBJ with a range of P&G brands, predominantly in the beauty and grooming categories. Two of these products have now moved to potentially full license and royalty bearing income.

The Wave I Eye Wand was the first product to be developed and licensed under the initial PDA since proceeding from a highly successful launch in Asia to become a mainstream product offering in SK-II's global business. Also during the year, OBJ announced the agreement for the Term Sheet for the second licensed product for P&G that incorporates OBJ's technology.

A Master Licensing Agreement has now been executed between the parties and acts as an umbrella agreement for all future products licensed to and commercialised by P&G.

As well as extending the development relationship to 2021, the new PDA provides P&G with access to OBJ's expanding technology platforms and product initiatives. This further enhances the close working relationship that has worked so well since 2014.

The new PDA also focuses on the partnership for strategic areas for P&G. This will allow OBJ to seek new partnering opportunities in several product categories not currently under active development with P&G.

The fast growing relationship with P&G has become the cornerstone to the Company's progression to achieving sustainable revenues from Licensees.

Due to the intense competition in the FMCG market, projections from SK-II and P&G's other brands on the expected rollout of OBJ licensed products remain strictly confidential. However, P&G has confirmed that the first 200,000 Eye Wand devices have been received from the manufacturer and that tooling is underway in preparation for the manufacture and launch of additional innovative products.

COTY - PHILOSOPHY

Coty continued its claims support and consumer studies during the period utilising OBJ's powered programmable array technology, known as Dermaportation. During the year, OBJ developed and supplied additional devices for these evaluations.

During the year, Coty sought confirmation of the regulatory status of the Dermaportation Device from the FDA and OBJ was delighted when the FDA confirmed that the technology did not represent a medical device and could be marketed in the USA for cosmetic skincare use without further FDA clearance.

PFIZER

Over the year, several meetings took place with Pfizer's Wellness and Healthcare groups to determine the program for possible product development applications that include OBJ's technologies. Discussions are taking place covering a raft of investigative programs designed to demonstrate the level of performance enhancement that may be provided by OBJ technologies in both pharmaceutical and consumer healthcare applications.

The Pfizer relationship is very positive and OBJ already has established a strong working relationship with the Company that could follow a similar pathway to that initiated with P&G in 2014.

REVIEW OF OPERATIONS *(continued)*

NEW PARTNERING ACTIVITIES

During the year, the Company commenced partnering discussions and/or technical evaluations with a number of major companies including Beiersdorf, Galderma, Johnson & Johnson, Q-Med and Unilever in addition to a number of new brands from the P&G group.

All such programs and discussions are in the early stages of development.

OBJ'S INTERNALLY DEVELOPED PRODUCT PROGRAMS

In addition to the Company's partnering activities, the Company has also expanded its Internally Developed Product Program. Products that fit this category are those that the Company feels are worth developing beyond simple technology licensing and where more shareholder value can be extracted by moving such projects further down the product development pipeline before seeking commercial partnering.

BodyGuard

The first of these developments was BodyGuard, and during the year, the Company achieved a major milestone after five years of development. At the end of 2015, the University of Queensland (UQ) completed a double-blinded clinical trial examining the efficacy of OBJ's KneeGuard product against one of the world's largest selling topical non-steroidal anti-inflammatory drug product (Product) in individuals with mild to severe osteoarthritis.

In addition, consumer sentiment studies through a follow-up, post-usage consumer study conducted by Ipsos Australia to examine purchase intent, overall liking, value and uniqueness of KneeGuard has also been completed.

The Clinical Trial revealed:

- KneeGuard significantly improved the Aggregated Function Score (AFS) (physical function test) over the Product;
- KneeGuard is at least equal to the Product for the sport and mobility function (knee injury and osteoarthritis outcome score) tests; and
- KneeGuard achieved a reduction in worst pain score of 32% compared to the Product of 17% after just two weeks usage.

The consumer study research found that:

- participants indicated a preference for KneeGuard over using the Product;
- KneeGuard outperformed the Product on a number of KPIs including purchase intent, NPS (being a measure of participants' intent to recommend the product), value and uniqueness. (Overall liking of the two products were similar);
- 3 in 10 users consider KneeGuard to be the best product they have ever tried and more than 1 in 4 claim they would definitely buy the starter kit;
- KneeGuard was perceived to be good value; and
- the key strengths of KneeGuard are its ease of use, wearability, comfort, aesthetics and its ability to reduce knee pain over time.

Some participants did report higher skin irritation levels with the BodyGuard product however the Company has subsequently addressed this issue with the adoption of new hydrogel technology which is expected to eliminate this issue and further enhance efficacy of KneeGuard.

The trial showed that KneeGuard, using OBJ's all-natural, drug-free Lubricen formulation, improved physical function in individuals with a history of knee injury.

REVIEW OF OPERATIONS *(continued)*

Furthermore, results of a consumer trial conducted on the majority of trial participants were very strongly in favour of increased performance and purchasing intent using the BodyGuard approach.

The double-blinded clinical trial of 114 males aged between 40 and 55 reconfirmed the initial successful pilot study conducted by Curtin University in 2014.

The aims of the UQ trial and consumer response were:

- to determine if daily use of KneeGuard will improve physical function in individuals who engage in regular exercise but have knee discomfort related to previous knee injury and surgery;
- to compare the improvement of physical function with OBJ's KneeGuard TGA approved Lubricen formulation and BodyGuard's wearable strap system on participants' mobility directly against the improvement produced by one of the world's biggest selling topical non-steroidal anti-inflammatory drug product;
- to measure satisfaction rating of participants with the BodyGuard system against present alternative treatments; and
- to measure purchasing preferences of participants between the KneeGuard device and present alternative treatments.

The Company has continued to invest considerable time and expenditure working with its US consultants in refining the complex manufacturing requirements for the first KneeGuard product and the forthcoming "hot dot" general BodyGuard product designs. This work is now particularly directed at the use of the key hydrogel formulation in the BodyGuard manufacturing process which will be an important IP consideration with prospective licensees.

Discussions with potential licensees continued during the year, with potential partners in both Europe and the USA and will continue as the Company explores the most advantageous pathway for commercialisation of the BodyGuard product range. The Company is in advanced discussions with two leading musculoskeletal healthcare companies regarding the possible licensing of the entire BodyGuard range.

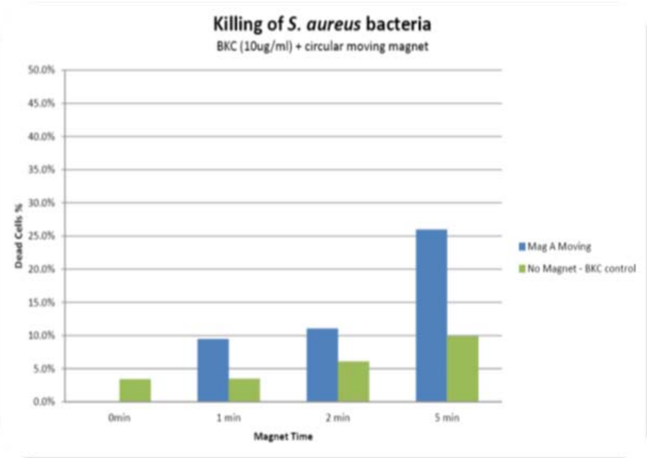
REVIEW OF OPERATIONS *(continued)*

Surface Hygiene

A great deal of activity was directed to the surface hygiene opportunity during the year with further discussions with multiple interested partners, the completion of testing that reconfirmed the bacteria kill rate using benzalkonium chloride (BKC) on golden staph using OBJ's technology and the commencement of the prototype development for the intended first application.

In the most recent round of technology developments, OBJ commissioned the University of Western Australia (UWA) to conduct replicate studies into the direct effects of exposure to the OBJ micro-array in the treatment of *Staphylococcus aureus*, or Golden Staph, a major source of infection in medical facilities. *Staphylococcus aureus* causes a wide range of infections from skin infection to life-threatening diseases. The study by the UWA explored the efficacy of commonly used disinfectants including BKC with and without the enhanced penetration capabilities of OBJ micro-array technology.

This recent study reconfirmed the effectiveness of OBJ's technology following two former tests undertaken in 2015. Further, these new results show a similar bug kill rate for BKC as were previously undertaken.



The study reconfirmed that exposure to the micro-array increased the effectiveness of BKC by 2 to 3 times compared to the same disinfectant alone, at all time points.

OBJ is working with Design + Industry Pty Ltd (D+I), a Sydney based award-winning industrial design company that has been engaged previously by OBJ, to create a number of innovative product prototypes to share with potential partners.

D+I will initially focus on devices for the Homecare and Hospitality sectors as part of present partnering discussions with several Fast Moving Consumer Goods (FMCG) companies.

REVIEW OF OPERATIONS *(continued)*

Personalised Skin Care

Discussions are well advanced regarding the commencement of a consumer trial in Asia with a major FMCG company to evaluate consumer behaviour using the OBJ Personalisation Skincare System, a new initiative that combines OBJ's programmable array technology with OBJ's proprietary personalising software system. This combination is expected to permit OBJ to optimise the way various product chemistries interact with individual consumer's skin, irrespective of ethnicity, age, location, lifestyle or environment. This is an important breakthrough in the globalisation of various skincare brands that are incompatible with the various skin types and local environmental conditions.

This new technology and its e-commence potential has created significant interest from multiple potential partners.

Importantly, these early discussions with multiple major FMCG companies validate the direction and investment made to date by the Company in approaching the possible commercialisation of various opportunities through in-house development and later licensing to distributors.

Advanced Packaging

The first potential application for devices developed by the Company as part of its Advanced Packaging Initiative is under discussion with one of OBJ's global FMCG partners. Opportunities have expanded through the year with interest from multiple partners across multiple product categories.

By creating an innovative means of providing higher performance in existing products, OBJ has now the potential to recover higher licensing for the whole end product rather than the technology alone.

REVIEW OF OPERATIONS *(continued)*

A prototype of the OBJ's new DCE Applicator

Other Partnering Opportunities

Many discussions took place over the year with a number of parties which are potential licensees for either the OBJ technologies or OBJ's own product developments. It is pleasing to see the very open and potential beneficial relationships that are now maturing as the Company's credibility and the efficacy of its technologies enhance relationships with potential distributors. With OBJ's skin laboratory now well established and resourced, potential licensees and existing partnering companies are increasingly looking at OBJ to provide the product innovation needed and be able to undertake the necessary testing required of various active ingredients.

Over the course of 2015/2016, OBJ has undertaken work on behalf of seven major pharmaceutical companies from Sweden, France, Switzerland and the USA.

BUSINESS DEVELOPMENT

Business development activities were at an extremely high level during the year, with a number of programs achieving significant advancement. The relationship with our major partner P&G has gone from strength to strength with the potential licensing of new products, furthering relationships, and testing with GSK, Reckitt Benckiser, L'Oreal and Galderma, and new relationships engendered with Pfizer, Unilever, Beieresdorf and Johnson & Johnson to demonstrate the impact to the FMCG market now being exposed by the OBJ team.

The business development group, led by Managing Director Jeff Edwards, has been particularly successful over the year engaging with the partnering companies who are the route to market for both the technologies and for OBJ's own developed product lines.

ADMINISTRATION

OBJ has reached agreement on a high-performance related consulting contract with Steve Meller, a US-based expat Australian, who has been instrumental in expanding OBJ's relationships with potential partnering companies.

REVIEW OF OPERATIONS *(continued)*

OBJ has upgraded its Perth based skin laboratory with the engagement of a Laboratory Manager and a commitment to expand the laboratory space and acquire an additional mass spectrometer. This added capability now allows for a full-time research manager and allows the Company to keep pace with increasing demands from intended partnering companies to conduct research on the skin penetration performance on various active ingredients plus OBJ's own internally-developed products.

The case involving the convertible note from Monarch continues in the Supreme Court and the Company has retained legal counsel as appropriate.

DIRECTORS' REPORT

The directors present their report on the results of OBJ Limited and its controlled entities (the "Consolidated Entity") for the year ended 30 June 2016.

DIRECTORS

The names of directors in office at any time during or since the end of the financial year are:

Mr Glyn Gregory Horne Denison
Mr Jeffrey David Edwards
Dr Christopher John Quirk

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year ended 30 June 2016 were research and development for its Dermaportation and ETP transdermal drug delivery technologies.

There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial year other than those referred to in the Review of Operations.

OPERATING RESULT AND FINANCIAL POSITION

The net consolidated loss of the Consolidated Entity after providing for income tax amounted to $3,555,381 (2015: loss of $2,353,454).

The net assets of the Consolidated Entity at 30 June 2016 were $7,275,771 (2015: $3,561,633). At that date, there was cash at bank of $7,334,205 (2015: $3,519,337).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year ended 30 June 2016.

The Board has not made a recommendation to pay dividends for the period to 30 June 2016.

REVIEW OF OPERATIONS

The Consolidated Entity continues to pursue development of its Dermaportation and ETP technologies, review its intellectual property assets and evaluate new business opportunities to strengthen its technology and/or product portfolio with the objective of enhancing shareholder value. Further details are noted in the Review of Operations section of the annual report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Consolidated Entity.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Certain information regarding future developments has been disclosed in this report under the heading "Review of Operations". The disclosure of expected results of likely future developments is likely, in the opinion of the directors, to result in unreasonable prejudice to the interests of the Consolidated Entity and accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATION

The Consolidated Entity is not affected by any specific environmental legislation.

DIRECTORS' REPORT *(continued)*

INFORMATION ON DIRECTORS

Mr Jeffrey Edwards

Jeffrey Edwards has over 20 years experience in managing new technological innovations. He is experienced in production, intellectual property, regulatory affairs and quality systems. He is an award winning technology developer, and has worked with a number of leading international medical and biomedical companies. During the past three years, Mr Edwards has not held a directorship in any other listed companies.

Mr Glyn Denison

Glyn Denison is a qualified professional engineer and operates his own business consultancy advising companies in their development internationally. Mr Denison was one of the founders of the ERG Group and held several senior executive positions over the period from 1987 to 2003. These positions included President of the Americas for the ERG fare collection business and the New Business Development Director for ERG Transit. Prior to ERG, Mr Denison held several commercial positions with Bunnings Forest Products (now part of the Wesfarmers Group). Mr Denison is an Executive Consultant to Advisian Pty Ltd providing engineering advice to various construction and mining companies as well as business advisory to a number of major insurance, land development and accounting firms as they respond to the local fast growing economy. Mr Denison also advises major resource companies in the provision of construction optimisation services. During the past three years, Mr Denison has also served as a director of the following other listed company:

- DTI Group Limited

Dr Christopher Quirk

Dr Quirk is an Australian dermatologist who has been a teaching hospital consultant for over 30 years and has conducted numerous trials for international pharmaceutical companies such as Roche, Novartis, 3M and Matrix and has served on advisory boards for Merck, Allergan and Roche, Abbott, Wyeth and Janssen. He has published 22 papers in international journals and has presented at several international conferences. During the past three years, Dr Quirk has also served as a director of the following other listed company:

- Pharmanet Group Limited

COMPANY SECRETARY

Mr John J Palermo B.Bus, FCA, AGIA

Mr Palermo is a Chartered Accountant with 20 years experience in Public Practice. His areas of expertise are in corporate advisory, strategic business management and business structuring. Currently a director of Palermo Chartered Accountants, he has experience in public company accounting and administration. Mr Palermo is a former Chairman of the Regional Council of the Institute of Chartered Accountants and the National Public Practice Advisory Committee. Mr Palermo is also a member of the Executive of the National Trust of Western Australia.

DIRECTORS' MEETINGS

During the financial year ended 30 June 2016, the Company held directors' meetings, including directors' resolutions. The total number of meetings attended and circular resolutions executed by each director were:

	Board Meetings		Resolutions
	Number Eligible to Attend	**Number Attended**	**Number Executed**
Mr J D Edwards	5	5	10
Mr G G H Denison	5	5	10
Dr C J Quirk	5	5	10

DIRECTORS' REPORT *(continued)*

INDEMNIFICATION OF DIRECTORS AND OFFICERS

During or since the end of the financial year, the Consolidated Entity has indemnified and entered into agreements to indemnify its directors and officers.

INDEMNITY AND INSURANCE OF AUDITOR

The Consolidated Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Consolidated Entity or any related entity against a liability incurred by the auditor.

During the financial year, the Consolidated Entity has not paid a premium in respect of a contract to insure the auditor of the Consolidated Entity or any related entity.

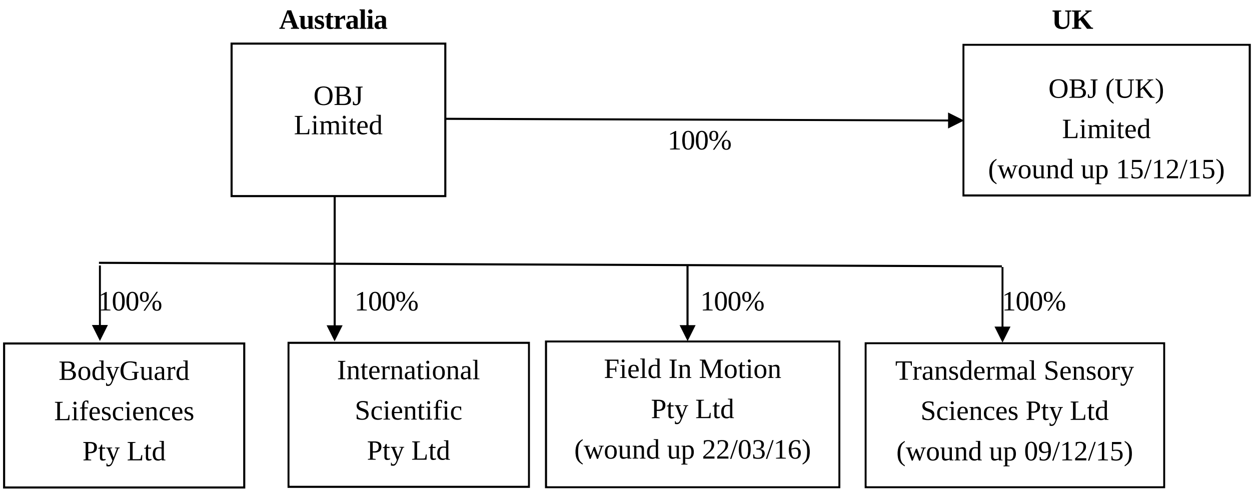
EVENTS SUBSEQUENT TO REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

CORPORATE STRUCTURE

OBJ Limited is a company limited by shares that is incorporated and domiciled in Australia with its principal place of business at Ground Floor, 284 Oxford Street, Leederville, Western Australia.

OBJ Limited has prepared this consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure:



DIRECTORS' REPORT *(continued)*

SHARE OPTIONS

As at 30 June 2016, there existed the following outstanding options:

Unlisted options

7,500,000 unlisted options, exercisable at $0.065 on or before 20 February 2019.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of the Consolidated Entity.

Remuneration policy

The Board receives independent advice on remuneration policies and practices generally, and also receives specific recommendations on remuneration packages and other terms of employment for senior executives.

Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Consolidated Entity's operations.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

The Board undertakes an annual review of its performance against goals set at the start of the year.

At the 2015 AGM, 86.44% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Directors and Executives Remuneration:

The Board is responsible for making recommendations on remuneration packages and policies applicable to board members and senior executives of the Consolidated Entity. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Directors' remuneration is arrived at after consideration of the level of expertise each director brings to the Consolidated Entity and the time and commitment required to efficiently and effectively perform the required tasks.

Remuneration of Executive Director

Jeffrey Edwards is paid a salary of $299,500 per annum inclusive of compulsory superannuation contributions.

Remuneration of Non Executive Directors

Glyn Denison is paid $25,000 per annum plus $15,000 per month or a proportion thereof on a pro rata basis, paid monthly in arrears for consulting fees.

Chris Quirk is paid $25,000 per annum, paid quarterly in arrears for consulting fees.

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

Remuneration of Directors and Executives

	Primary Salary & Fees ($)	Cash Bonus ($)	Non-Monetary ($)	Post Employment Superannuation ($)	Post Employment Retirement Benefits ($)	Equity ($)	Other Benefits ($)	TOTAL ($)
Parent Entity Directors and Executives								
Edwards, J D: Director (executive)								
2016	280,192	--	--	19,308	--	170,811	--	470,311
2015	280,717	--	--	18,783	--	104,564	--	404,064
Denison, G G H: Director (non-executive)								
2016	171,800	--	--	25,000	--	170,811	2,915	370,526
2015	96,000	--	--	25,115	--	104,564	2,936	228,615
Quirk, C J: Director (non-executive)								
2016	25,000	--	--	--	--	170,811	--	195,811
2015	25,000	--	--	--	--	104,564	--	129,564
Hammond, K: Senior Executive (terminated 31/12/2014)								
2016	--	--	--	--	--	--	--	--
2015	122,982	--	--	--	--	2,112	2,278	127,372
Total								
2016	476,992	--	--	44,308	--	512,433	2,915	1,036,648
2015	524,699	--	--	43,898	--	315,804	5,214	889,615

There are no other specified executives in positions of control or exercising management authority.

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

Interests in Shares, Options and Performance Rights of the Company

As at 30 June 2016, the directors' interests in shares, options and performance rights of OBJ Limited were:

Shares

	Balance 01/07/15 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Performance Rights/Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/16 (No. of Shares)
J D Edwards	35,255,557	--	--	175,438	35,430,995
G G H Denison	11,066,667	--	--	175,438	11,242,105
C J Quirk	18,088,890	--	--	87,719	18,176,609
Total	64,411,114	--	--	438,595	64,849,709

Options

	Balance 01/07/15 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/16 (No. Options)	Total Vested 30/06/16 (No. Options)	Total Exercisable (No. Options)
J D Edwards	--	--	--	--	--	--	--
G G H Denison	--	--	--	--	--	--	--
C J Quirk	--	--	--	--	--	--	--
Total	--	--	--	--	--	--	--

Performance Rights

	Balance 01/07/15 (No. Rights)	Granted as Remuneration (No. Rights)	No. of Rights Exercised	Net Change Other (No. Rights)	Balance 30/06/16 (No. Rights)	Total Vested 30/06/16 (No. Rights)	Total Exercisable (No. Rights)
J D Edwards	15,000,000	--	--	--	15,000,000	--	--
G G H Denison	15,000,000	--	--	--	15,000,000	--	--
C J Quirk	15,000,000	--	--	--	15,000,000	--	--
Total	45,000,000	--	--	--	45,000,000	--	--

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

Additional Information

The earnings of the Consolidated Entity for the five years to 30 June 2016 are summarised below:

	2016 $	2015 $	2014 $	2013 $	2012 $
Sales revenue	1,521,573	1,514,945	950,857	786,014	731,940
EBITDA	(3,465,064)	(2,300,644)	(2,152,174)	(1,286,148)	(1,369,992)
EBIT	(3,541,373)	(2,338,114)	(2,176,206)	(1,312,566)	(1,392,442)
Loss after income tax	(3,555,381)	(2,353,454)	(2,205,354)	(1,331,572)	(1,411,442)

The factors that are considered to affect total shareholders return are summarised below:

	2016	2015	2014	2013	2012
Share price at financial year end ($)	0.082	0.049	0.082	0.010	0.015
Total dividends declared (cents per share)	--	--	--	--	--
Basic and diluted loss per share (cents per share)	(0.20)	(0.15)	(0.16)	(0.11)	(0.12)

[END OF REMUNERATION REPORT]

DIRECTORS' REPORT *(continued)*

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of OBJ Limited support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. The Company's Corporate Governance Statement is contained in the annual report.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA

There are no officers of the Company who are former partners of RSM Australia.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 18.

NON-AUDIT SERVICES

Any non-audit services that may have been provided by the entity's auditor, RSM Australia Partners, is shown at Note 13. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act and the general principles relating to auditor independence set out in APES 110 Code of Ethics for Professional Accountants. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the board of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Jeffrey Edwards
Director

Perth, Western Australia
13th September 2016

RSM Australia Partners

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F +61 (0) 8 9261 9111

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of OBJ Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 13 September 2016

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
Revenue	**2**	1,521,573	1,514,945
Net foreign exchange (losses)/gains		(5,960)	16,078
Bad debts written off		(61,784)	--
Borrowing costs		(14,008)	(15,340)
Depreciation expenses		(76,309)	(37,470)
Administration fees		(494,584)	(270,166)
Auditor's remuneration		(36,500)	(45,655)
Consultants and consultants benefits expenses		(984,179)	(704,884)
Directors and employees benefits expenses		(2,066,418)	(1,475,209)
Legal costs		(77,452)	(76,082)
Materials and requisites		(39,032)	(74,376)
Occupancy expenses		(131,668)	(116,565)
Patent fees		(125,069)	(128,910)
Product design and trial testing expenses		(325,506)	(431,578)
Travel and accommodation		(146,170)	(145,665)
Other expenses		(492,315)	(362,577)
Loss before income tax		(3,555,381)	(2,353,454)
Income tax expense	**3**	--	--
Loss for the year		(3,555,381)	(2,353,454)
Other comprehensive income		--	--
Total comprehensive loss for the year		(3,555,381)	(2,353,454)
Loss attributable to:			
Members of the parent entity		(3,555,381)	(2,353,454)
		Cents	**Cents**
Basic and diluted losses per share (cents per share)	**16**	(0.20)	(0.15)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
Current Assets			
Cash and cash equivalents	**4**	7,334,205	3,519,337
Trade and other receivables	**5**	165,507	417,323
Total Current Assets		7,499,712	3,936,660
Non-Current Assets			
Plant and equipment	**6**	343,391	189,763
Total Non-Current Assets		343,391	189,763
Total Assets		7,843,103	4,126,423
Current Liabilities			
Trade and other payables	**7**	284,874	314,424
Borrowings	**8**	210,000	196,000
Employee benefits provision		72,458	54,366
Total Current Liabilities		567,332	564,790
Total Liabilities		567,332	564,790
Net Assets		7,275,771	3,561,633
Equity			
Issued capital	**14**	31,346,219	25,232,558
Reserves	**15**	3,689,386	2,533,528
Accumulated losses		(27,759,834)	(24,204,453)
Total Equity		7,275,771	3,561,633

The above statement of financial position
should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital	Share Based Payments Reserves	Accumulated Losses	Total Equity
	$	$	$	$
Consolidated				
Balance at 1 July 2014	23,688,809	1,991,374	(21,850,999)	3,829,184
Total comprehensive loss for the year	--	--	(2,353,454)	(2,353,454)
Performance rights issued during the year	--	542,154	--	542,154
Shares issued during the year	1,543,749	--	--	1,543,749
Balance at 30 June 2015	25,232,558	2,533,528	(24,204,453)	3,561,633
Balance at 1 July 2015	25,232,558	2,533,528	(24,204,453)	3,561,633
Total comprehensive loss for the year	--	--	(3,555,381)	(3,555,381)
Performance rights issued during the year	--	923,524	--	923,524
Shares issued during the year	6,787,000	--	--	6,787,000
Options issued during the year	--	232,334	--	232,334
Transaction costs	(673,339)	--	--	(673,339)
Balance at 30 June 2016	31,346,219	3,689,386	(27,759,834)	7,275,771

The above statement of changes in equity
should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
Cash flows from operating activities			
Receipts from customers		1,533,807	1,204,269
Payments to suppliers and employees		(3,982,843)	(3,234,025)
Interest received		207,007	136,583
Borrowing costs		(8)	(2,590)
Net cash used in operating activities	**10**	(2,242,037)	(1,895,763)
Cash flows from investing activities			
Payments for plant and equipment		(230,130)	(119,685)
Net cash used in investing activities		(230,130)	(119,685)
Cash flows from financing activities			
Proceeds from issues of shares and options		6,734,000	1,493,749
Transaction costs from issue of shares and options		(441,005)	--
Other		--	(80)
Net cash provided by financing activities		6,292,995	1,493,669
Net increase/(decrease) in cash and cash equivalents held		3,820,828	(521,779)
Cash and cash equivalents at the beginning of the financial year		3,519,337	4,025,038
Effect of exchange rate changes on cash holdings		(5,960)	16,078
Cash and cash equivalents at the end of the financial year	**4**	7,334,205	3,519,337

The above statement of cash flows
should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of OBJ Limited and its controlled entities (the "Consolidated Entity"). In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the Parent Entity is disclosed in Note 24.

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. OBJ Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue by the Board on 13 September 2016.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(x).

The significant policies, which have been adopted in the preparation of this financial report, are:

(a) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("IFRS"). Compliance with IFRS ensures that the financial statements and notes comply with International Financial Reporting Standards.

(b) New and Revised Accounting Standards and Interpretations

The Consolidated Entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

The Consolidated Entity's assessment of the new and amended pronouncements that are relevant to the Consolidated Entity but applicable in future reporting periods is set out below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) New and Revised Accounting Standards and Interpretations *(continued)*

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ("OCI"). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ("ECL") model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) New and Revised Accounting Standards and Interpretations *(continued)*

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Consolidated Entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of OBJ Limited as at 30 June 2016 and the results of all subsidiaries for the year then ended. OBJ Limited and its subsidiaries together are referred to in these financial statements as the “Consolidated Entity”.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Principles of Consolidation *(continued)*

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(d) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Income Tax *(continued)*

Deferred income tax assets are recognised to the extent that it is probable that future profit will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(f) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment
Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation
The depreciable amount of all fixed assets is depreciated on either a diminishing value method or a straight-line method commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment 2.5-100%

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Financial Instruments

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

Controlled Entities
Investments in controlled entities are recognised at cost less provision for impairment.

Impairment
At each reporting date, the directors assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

(i) Intangibles

Research and Development
Expenditure during the research phase of a project is recognised as an expense when incurred.

Development costs are capitalised only when feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(j) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, is transferred to entities in the Consolidated Entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Leases *(continued)*

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(l) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Employee Benefits

Short-Term Employee Benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other Long-Term Employee Benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined Contribution Superannuation Expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(o) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from licence and research fees are derived from work plan agreements with customers. Revenue is recognised over the term of these agreements.

All revenue is stated net of the amount of goods and service tax.

(p) Goods and Services Tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (“ATO”). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amounts of GST recoverable from or payable to the ATO.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(r) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred.

(s) Share-Based Payment Transactions

OBJ Limited provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

There is currently one plan in place to provide these benefits:

(i) the Employee Share Option Plan, which provides benefits to full-time or part-time employees and consultants of the Company.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Share-Based Payment Transactions *(continued)*

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects; (i) the extent to which the vesting period has expired, and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made, the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(t) Loss per share

(i) Basic Loss per share

Basic loss per share is determined by dividing the operating profit/(loss) after income tax attributable to members of OBJ Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Loss per share

Diluted loss per share adjusts the amounts used in the determination of basic loss per share by taking into account unpaid amounts on ordinary shares and any reduction in loss per share that will probably arise from the exercise of options outstanding during the financial year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(v) Foreign Currency Transactions and Balances

Functional and Presentation Currency
The functional currency of each of the Company's controlled entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Consolidated Entity's functional and presentation currency.

Transaction and Balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

Controlled Entities
The financial results and position of foreign controlled entities whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign controlled entities are transferred directly to the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2016.

(x) Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the critical judgements and estimates that the directors have made in the process of applying the Consolidated Entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Share-Based Payment Transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated	
	30 June 2016	30 June 2015
NOTE 2: REVENUE	$	$
Research and development collaboration revenue and tax incentives	1,339,404	1,394,623
Interest received	179,474	120,322
Recoveries	2,695	--
Total revenues	1,521,573	1,514,945

NOTE 3: INCOME TAX

The prima facie tax on loss before income tax is reconciled to the income tax as follows:

Loss before income tax	(3,555,381)	(2,353,454)
Income tax calculated at 28.5% (30%: 2015)	(1,013,284)	(706,036)
Non allowable expenditure	280,421	167,210
Deferred tax assets not recognised	732,863	538,826
Income tax expenses	--	--

The following deferred tax assets have not been brought to account as assets:

Tax losses available at 28.5% (30%: 2015) tax rate	2,807,524	2,460,022
Tax losses available	9,553,399	8,200,074

Deferred tax assets in relation to tax losses are not brought to account unless it is probable that future taxable amounts within the entity will be available against which the unused tax losses can be utilised. The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated	
	30 June 2016 $	30 June 2015 $

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	6,256	2,559
Cash at bank	277,949	616,778
Cash on deposit	7,050,000	2,900,000
	7,334,205	3,519,337

NOTE 5: TRADE AND OTHER RECEIVABLES

Trade debtors	27,267	266,939
Prepayments	36,725	14,930
Accrued income	42,180	69,713
GST refundable	59,335	65,741
	165,507	417,323

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $27,267 as at 30 June 2016 (2015: $220,485).

0 to 3 months overdue	27,267	72,617
3 to 6 months overdue	--	147,868
Over 6 months overdue	--	--
	27,267	220,485

NOTE 6: PLANT AND EQUIPMENT

Plant and equipment at cost	577,654	349,141
Accumulated depreciation	(234,263)	(159,378)
Total plant and equipment	343,391	189,763

Reconciliation of the carrying amount of plant and equipment is set out below:

Carrying amount at the beginning of year	189,763	107,548
Additions	230,130	119,685
Disposals	(193)	--
Depreciation expense	(76,309)	(37,470)
Carrying amount at the end of year	343,391	189,763

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated	
	30 June 2016 $	30 June 2015 $
NOTE 7: TRADE AND OTHER PAYABLES		
Other creditors and accruals	284,874	314,424
NOTE 8: BORROWINGS		
Convertible notes – unsecured	140,000	140,000
Convertible notes – unpaid interest	70,000	56,000
	210,000	196,000

Convertible note terms:

Issue Date	Amount $	Interest Rate	Convertible On or Before
4 June 2009	140,000	10% per annum	4 June 2012 [(i)]

If the convertible notes which are convertible at $0.003 have not been converted in their entirety into shares on the date which is 11 months after the date of issue, the Company may convert the amount of the convertible notes which has not been repaid (together with any accrued interest), into shares, upon giving 5 business days notice to the convertible note holder.

(i) 140,000 convertible notes issued on 4 June 2009 were not converted by the due date being 4 June 2012. The terms of the agreement have not since that date been extended. Correspondingly, the principal amount outstanding including any interest outstanding has been classified as current.

NOTE 9: COMMITMENTS

(a) Capital expenditure commitments

There were no capital expenditure commitments as at 30 June 2016.

(b) Finance lease and hire purchase commitments

There were no finance lease and hire purchase commitments as at 30 June 2016.

(c) Operating lease commitments

There were no operating lease commitments as at 30 June 2016 as the Company pays rent on a month-by-month basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: CASH FLOW INFORMATION

	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
Reconciliation of net cash and cash equivalents used in operating activities to loss for the year:		
Loss for the year	(3,555,381)	(2,353,454)
Bad debts written off	61,784	--
Depreciation	76,309	37,470
Employee benefits provisions	18,092	54,366
Equity settled share based payments	976,524	542,154
Foreign exchange movements	5,960	(16,078)
Net loss on disposal of plant and equipment	193	--
Movements in assets and liabilities:		
Trade and other receivables	142,068	(193,640)
Trade and other payables	32,414	33,419
Net cash used in operating activities	(2,242,037)	(1,895,763)

Non-cash investing and financing activities

During the 2016 year, 1,000,000 shares were issued in recognition of consultants' contribution to the Scientific Advisory Committee.

During the 2015 year, various performance rights were issued to all directors which are detailed further in Note 22. The costs of these equity-settled transactions, together with a corresponding increase in equity, are recognised over the period in which the performance conditions are fulfilled.

NOTE 11: KEY MANAGEMENT PERSONNEL

Names and positions of directors and specified executives in office at any time during the financial year are:

Mr Jeffrey David Edwards	Director – Executive	
Mr Glyn Gregory Horne Denison	Director – Non-Executive	
Dr Christopher John Quirk	Director – Non-Executive	
During prior year impacting the below		
Dr Kevin Hammond	International Partnering Manager	(terminated 31 December 2014)

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid or payable to the Company's key management personnel for the year ended 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11: KEY MANAGEMENT PERSONNEL *(continued)*

The totals of remuneration paid to key management personnel during the year are as follows:

	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
Short term employee benefits	476,992	524,699
Post-employment benefits	44,308	43,898
Equity based payments	512,433	315,804
Other benefits	2,915	5,214
	1,036,648	889,615

Transactions with Key Management Personnel

There were no transactions with related parties other than directors' fees and consultants' fees which have been disclosed in the Remuneration Report.

NOTE 12: CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of OBJ Limited and the subsidiaries listed in the following table.

	Country of Incorporation	% Equity Interest 2016 $	% Equity Interest 2015 $	Book Value of Shares held by Parent Entity 2016 $	Book Value of Shares held by Parent Entity 2015 $
International Scientific Pty Ltd	AUS	100%	100%	--	--
BodyGuard Lifesciences Pty Ltd	AUS	100%	100%	1,000	1,000
Field In Motion Pty Ltd	AUS	--	100%	--	1,000
Transdermal Sensory Sciences Pty Ltd	AUS	--	100%	--	1
OBJ (UK) Limited	UK	--	100%	--	2
				1,000	2,003

Field in Motion Pty Ltd, Transdermal Sensory Sciences Pty Ltd and OBJ (UK) Limited were wound up and de-consolidated during the financial year.

NOTE 13: AUDITORS' REMUNERATION

	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
Amounts paid or due and payable to the auditors for:		
Audit and review services – RSM Australia Partners	36,500	45,655

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	Consolidated	
	30 June 2016 $	30 June 2015 $
NOTE 14: ISSUED CAPITAL		
(a) Issued Capital		
1,770,137,109 fully paid ordinary shares (2015: 1,650,996,836)	31,346,219	25,232,558

(b) Movements in ordinary share capital of the Company during the year were as follows:

Date	Details	Number of Shares	Issue Price	$
01/07/2015	Opening balance	1,650,996,836	--	25,232,558
12/08/2015	Consultants' contribution to scientific advisory committee	1,000,000	$0.053	53,000
02/10/2015	Placement to institutional & sophisticated investors	109,649,123	$0.057	6,250,000
02/11/2015	Subscriptions received under the share purchase plan	8,491,150	$0.057	484,000
	Less: transaction costs arising on share issues			(673,339)
30/06/2016	Closing balance	1,770,137,109		31,346,219

(c) Capital Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There is no current on-market share buy-back.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: ISSUED CAPITAL *(continued)*

(d) Capital Risk Management

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The Company does not have a defined share buy-back plan.

No dividends were paid in 2016 and no dividends are expected to be paid in 2017.

There is no current intention to incur debt funding on behalf of the Company as on-going expenditure will be funded via cash reserves or equity.

The Company is not subject to any externally imposed capital requirements.

The capital risk management policy remains unchanged since the year ended 30 June 2015.

NOTE 15: RESERVES

	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
Share based payments reserve	3,689,386	2,533,528

The share based payments reserve records items recognised as expenses on valuation of director/employee/consultant share options and performance rights.

Movements in options and performance rights were as follows:

Date	Details	Number of Performance Rights	Number of Options Listed	Number of Options Unlisted	Exercise Price	Fair Value of Options / Performance Rights Issued	Expiry Date
01/07/15	Opening balance	82,000,000	--	--		$2,533,528	
19/02/16	Consideration for corporate services provided by Baker Young Stockbrokers as approved by shareholders at the AGM in relation to capital raising	--	--	7,500,000	$0.065	$232,334	20/02/2019
30/06/16	Add: value of performance rights carried forward from 30/06/15 (refer Note 22)	--	--	--	--	$923,524	28/11/2017
30/06/16	Closing Balance	82,000,000	--	7,500,000		$3,689,386	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16: LOSS PER SHARE

Diluted loss per share is the same as basic loss per share.

The following reflects the income and data used in the calculations of basic and diluted loss per share:

	Consolidated	
	30 June 2016	**30 June 201**
	$	**$**
Loss for the year	(3,555,381)	(2,353,454)
Loss used in calculating basic and diluted loss per share	(3,555,381)	(2,353,454)
Weighted average number of ordinary shares used in calculating basic loss per share:	1,738,958,390	1,579,534,612
Weighted average number of ordinary shares used in calculating diluted loss per share:	1,738,958,390	1,579,534,612

Options outstanding are considered non-dilutive and therefore are excluded from the calculation of EPS.

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Consolidated Entity's operations. The Consolidated Entity has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Consolidated Entity's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Consolidated Entity's financial instruments is cash flow interest rate risk. Other minor risks are either summarised below or disclosed at Note 14 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Cash Flow Interest Rate Risk

The Consolidated Entity's exposure to the risks of changes in market interest rates relates primarily to the Consolidated Entity's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Consolidated Entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Consolidated Entity does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Consolidated Entity has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Consolidated Entity does not have a formal policy in place to mitigate such risks.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Consolidated

2016	Non-Interest Bearing ($)	Fixed Interest Rate Maturing: 1 Year or Less ($)	Fixed Interest Rate Maturing: Over 1 to 5 Years ($)	Fixed Interest Rate Maturing: More than 5 years ($)	Floating Interest Rate ($)	Total ($)	Weighted average interest rate
Financial assets:							
Cash and cash equivalents	6,256	7,050,000	--	--	277,949	7,334,205	2.83%
Trade and other receivables	165,507	--	--	--	--	165,507	--
	171,763	7,050,000	--	--	277,949	7,499,712	
Financial liabilities:							
Trade and other payables	284,874	--	--	--	--	284,874	--
Borrowings	70,000	140,000	--	--	--	210,000	10.00%
	354,874	140,000	--	--	--	494,874	
Net financial instruments	(183,111)	6,910,000	--	--	277,949	7,004,838	

Consolidated

2015	Non-Interest Bearing ($)	Fixed Interest Rate Maturing: 1 Year or Less ($)	Fixed Interest Rate Maturing: Over 1 to 5 Years ($)	Fixed Interest Rate Maturing: More than 5 years ($)	Floating Interest Rate ($)	Total ($)	Weighted average interest rate
Financial assets:							
Cash and cash equivalents	2,559	2,900,000	--	--	616,778	3,519,337	3.52%
Trade and other receivables	417,323	--	--	--	--	417,323	--
	419,882	2,900,000	--	--	616,778	3,936,660	
Financial liabilities:							
Trade and other payables	314,424	--	--	--	--	314,424	--
Borrowings	56,000	140,000	--	--	--	196,000	10.00%
	370,424	140,000	--	--	--	510,424	
Net financial instruments	49,458	2,760,000	--	--	616,778	3,426,236	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest Rate Sensitivity

At 30 June 2016, if interest rates had changed by 10% during the entire year with all other variables held constant, profit for the year and equity would have been $17,947 lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short-term and long-term Australian dollar interest rates. A 10% increase sensitivity would move short-term interest rates at 30 June 2016 from 2.83% to 3.11% (10% decrease: 2.55%) representing a 28 basis points shift.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

Credit Risk Exposure

The maximum credit risk exposure for each class of financial assets is represented by the carrying amounts of the class of asset.

The Consolidated Entity has no significant concentrations of credit risk with any single counterparty or group of counterparties.

Commodity Price Risk

The Consolidated Entity is not exposed to commodity price risk.

Liquidity Risk

The Consolidated Entity manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

	Consolidated	
	30 June 2016 $	**30 June 2015 $**
Contracted maturities of liabilities at 30 June		
Payables		
- less than 6 months	284,874	314,424
Convertible notes		
- less than 6 months	210,000	196,000
	494,874	510,424

Foreign Exchange Risk

The Consolidated Entity is not exposed to significant foreign exchange risk at reporting date. Although foreign exchange transactions in US Dollars and GB Pounds were entered into during the year, resulting in a foreign exchange loss of $5,960 the Consolidated Entity is unlikely to enter into any material foreign exchange transactions in the next reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Reconciliation of Net Financial Assets to Net Assets	Consolidated 30 June 2016 $	30 June 2015 $
Net financial assets	6,932,380	3,371,870
Plant and equipment	343,391	189,763
Net assets	7,275,771	3,561,633

Net Fair Values

For other assets and liabilities the net fair value approximates their carrying value. The Consolidated Entity has no financial assets or liabilities that are readily traded on organised markets and has no financial assets where the carrying amount exceeds net fair values at the reporting date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

NOTE 18: EVENTS SUBSEQUENT TO REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

NOTE 19: ECONOMIC DEPENDENCY

The Consolidated Entity is not economically dependent upon any third parties.

NOTE 20: SEGMENT INFORMATION

The Consolidated Entity has considered the requirements of AASB8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Consolidated Entity operates as a single segment which is development of the dermaportation drug delivery technology within Australia.

The Consolidated Entity is domiciled in Australia. All revenue from external parties is generated from Australia only. Segment revenues are allocated based on the country in which the party is located. Operating revenues of approximately $190,092 or 12% (2015 - $459,000 or 30%) are derived from a single external party.

All the assets are located in Australia only. Segment assets are allocated to countries based on where the assets are located.

NOTE 21: CONTINGENT ASSETS AND LIABILITIES

The directors of the Company are unaware of any existing contingent assets and liabilities, other than the contingent liability matter regarding the Company being served with a writ over a convertible note, as announced to the market. The Company has retained legal representation for the active defence of the matter, to which mediation continues.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22: SHARE BASED PAYMENTS

2016

On 12 August 2015, the Company issued 1,000,000 shares in recognition of consultant's contribution to the Scientific Advisory Committee (refer Note 14).

2015

On 28 November 2014, the following *performance rights* were granted to directors as part of their remuneration:

G Denison

- 5,000,000 performance rights to vest upon receipt by the Company of the first royalty payment resulting from a licence to a third party of the Company's powered Dermaportation technology (Milestone 1);
- 5,000,000 performance rights to vest upon the execution of a new licence agreement with a third party for the utilisation of the Company's ETP technology (Milestone 2); and
- 5,000,000 performance rights to vest upon the receipt by the Company of licensing fees in excess of $20,000,000 (Milestone 3).

J D Edwards

- 5,000,000 performance rights to vest upon receipt by the Company of the first royalty payment resulting from a licence to a third party of the Company's powered Dermaportation technology (Milestone 1);
- 5,000,000 performance rights to vest upon the execution of a new licence agreement with a third party for the utilisation of the Company's ETP technology (Milestone 2); and
- 5,000,000 performance rights to vest upon the receipt by the Company of licensing fees in excess of $20,000,000 (Milestone 3).

C J Quirk

- 5,000,000 performance rights to vest upon receipt by the Company of the first royalty payment resulting from a licence to a third party of the Company's powered Dermaportation technology (Milestone 1);
- 5,000,000 performance rights to vest upon the execution of a new licence agreement with a third party for the utilisation of the Company's ETP technology (Milestone 2); and
- 5,000,000 performance rights to vest upon the receipt by the Company of licensing fees in excess of $20,000,000 (Milestone 3).

On 18 December 2014, the following *performance rights* were granted to various consultants and employees as part of their remuneration:

- 12,333,332 performance rights to vest upon receipt by the Company of the first royalty payment resulting from a licence to a third party of the Company's powered Dermaportation technology (Milestone 1);
- 12,333,334 performance rights to vest upon the execution of a new licence agreement with a third party for the utilisation of the Company's ETP technology (Milestone 2); and
- 12,333,334 performance rights to vest upon the receipt by the Company of licensing fees in excess of $20,000,000 (Milestone 3).

All the performance rights were issued for nil consideration and may be exercised for nil consideration upon the occurrence of the performance conditions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22: SHARE BASED PAYMENTS *(continued)*

	Performance rights granted to directors	*Performance rights granted to consultants and employees*
Grant date	28 November 2014	18 December 2014
Expiry date	28 November 2017	28 November 2017
Share price at grant date	$0.093	$0.089

The total share based payment expense for the year ended 30 June 2016 was $1,208,858 comprising $976,524 recognised in the statement of comprehensive income and $232,334 recognised in equity as transaction costs on option issue.

At the reporting date, the value of performance rights subject to vesting conditions was $1,299,492. These performance rights have an expiry of 28 November 2017.

NOTE 23: RELATED PARTY TRANSACTIONS

Parent Entity
OBJ Limited is the Parent Entity.

Subsidiaries
Interests in subsidiaries are set out in Note 12.

Key Management Personnel
Disclosures relating to key management personnel are set out in Note 11 and the remuneration report in the Directors' Report.

Transactions with Related Parties
As set out in Note 11 and the remuneration report in the Directors’ Report.

Receivables from and Payables to Related Parties
Amounts of $23,470 (2015: $15,675) remain payable to related parties at the current and previous reporting date.

There were no receivables from related parties at the current and previous reporting date.

Loans to/from Related Parties
There were no loans to or from related parties at the current and previous reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 24: PARENT ENTITY DISCLOSURES

(a) Financial Position

	2016 $	2015 $
Total Current Assets	7,469,080	3,750,217
Total Non-Current Assets	325,116	56,218
Total Assets	7,794,196	3,806,435
Total Current Liabilities	518,425	379,545
Total Liabilities	518,425	379,545
Net Assets	7,275,771	3,426,890
Issued Capital	31,346,219	25,232,558
Reserves	3,689,386	2,533,528
Accumulated Losses	(27,759,834)	(24,339,196)
Total Equity	7,275,771	3,426,890

(b) Financial Performance

	2016 $	2015 $
Loss for the year	(3,420,638)	(2,403,138)
Other comprehensive income	--	--
Total Comprehensive Loss	(3,420,638)	(2,403,138)

(c) Guarantees

OBJ Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

(d) Other Commitments and Contingencies

OBJ Limited are unaware of any existing contingent assets and liabilities, other than the contingent liability matter regarding the Company being served with a writ over a Convertible Note, as announced to the market. The Company has retained legal representation for the active defence of the matter, to which mediation continues.

(e) Plant and Equipment Commitments

OBJ Limited has no commitments to acquire property, plant and equipment.

(f) Significant Accounting Policies

OBJ Limited accounting policies do not differ from the Consolidated Entity disclosed in Note 1.

DIRECTORS' DECLARATION

In the opinion of the directors:

a) The financial statements, notes and additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

   i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

b) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in Note 1(a); and

c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

Jeffrey Edwards
Director

Perth, Western Australia
13th September 2016

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
OBJ LIMITED

Report on the Financial Report

We have audited the accompanying financial report of OBJ Limited, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of OBJ Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of OBJ Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of OBJ Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 13 September 2016

ASX ADDITIONAL INFORMATION

1. QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES AS AT 5 SEPTEMBER 2016

(i) DISTRIBUTION OF SHAREHOLDERS:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 - 1,000	384	111,466	0.01
1,001 - 5,000	222	580,929	0.03
5,001 - 10,000	403	3,253,515	0.18
10,001 - 100,000	2,149	100,942,398	5.69
100,001+	1,772	1,669,968,801	94.09
	4,930	1,774,857,109	100.00

The number of shareholdings held in less than marketable parcels is 648.

(ii) TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES:

The names of the twenty largest shareholders of ordinary fully paid shares are listed below:

	NAME	NO. OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES %
1.	HSBC Custody Nom Aust Ltd	44,953,950	2.53
2.	Citicorp Nom PL	44,304,814	2.50
3.	Jomima PL	28,143,584	1.59
4.	Virtus Capital PL	27,698,362	1.56
5.	Cancun Trading PL	25,700,000	1.45
6.	J P Morgan Nom Aust Ltd	22,579,779	1.27
7.	JEB Hldgs PL	22,437,719	1.26
8.	Quirk CJ & SE	18,176,609	1.02
9.	Fedele, P	16,150,000	0.91
10.	Charmed5 PL	15,000,000	0.85
11.	Edwards, J & B	12,993,276	0.73
12.	BNP Paribas Noms PL	12,492,999	0.70
13.	Provendore PL	12,100,000	0.68
14.	Bocskay, O & S	11,000,000	0.62
15.	Denison, GGH	10,754,386	0.61
16.	Pedrof PL	9,570,240	0.54
17.	Brispot Nom PL	9,358,449	0.53
18.	Monkey Desert	9,340,588	0.53
19.	Russo, J & D	9,265,557	0.52
20.	Chan, AF	8,538,728	0.48
		370,559,040	20.88

(iii) VOTING RIGHTS

No restrictions - on a show of hands every member present in person or by proxy shall have one vote and upon a poll, each fully paid share shall have one vote.

ASX ADDITIONAL INFORMATION *(continued)*

1. QUOTED SECURITIES *(continued)*

(a) ORDINARY FULLY PAID SHARES AS AT 5 SEPTEMBER 2016 *(continued)*

(iv) SUBSTANTIAL SHAREHOLDERS

There were no Substantial Shareholders as recorded in the Register of Members as at 5 September 2016.

2. UNQUOTED SECURITIES

(a) OPTIONS

As at 5 September 2016, there existed the following unquoted options:

(i) 7,500,000 OPTIONS EXERCISABLE AT $0.065 EACH ON OR BEFORE 20 FEBRUARY 2019

NAME	OPTIONS	%
MAPD Nom PL	7,500,000	100.00

(ii) VOTING RIGHTS

Holders of options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding.

CORPORATE GOVERNANCE STATEMENT

OBJ Limited ("the Company") is committed to implementing and maintaining the highest standards of corporate governance. The primary responsibility of the Board of the Company ("the Board") is to represent and advance the Company's shareholders' ("the Shareholders") interests and to protect the interests of all stakeholders. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for its employees and monitoring achievement of these goals.

The Company adopts the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations 3rd edition*, ("the Recommendations") to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The Company's compliance with the Recommendations is summarised in the table below:

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓		Recommendation 4.2		✓
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 1.4	✓		Recommendation 6.1	✓	
Recommendation 1.5		✓	Recommendation 6.2	✓	
Recommendation 1.6	✓		Recommendation 6.3	✓	
Recommendation 1.7	✓		Recommendation 6.4	✓	
Recommendation 2.1		✓	Recommendation 7.1		✓
Recommendation 2.2		✓	Recommendation 7.2		✓
Recommendation 2.3	✓		Recommendation 7.3	✓	
Recommendation 2.4	✓		Recommendation 7.4	✓	
Recommendation 2.5	✓		Recommendation 8.1	✓	
Recommendation 2.6	✓		Recommendation 8.2	✓	
Recommendation 3.1	✓		Recommendation 8.3		✓
Recommendation 4.1	✓				

[1] Indicates where the Company has followed the Principles & Recommendations and summarised those practices below.
[2] Indicates where the Company has provided an "if not, why not" disclosure below.

In acknowledging the Key Messages of the first review of the corporate governance reporting under the Revised Corporate Governance Principles and Recommendations by ASX Markets Supervision ("ASXMS"), the Company has provided additional disclosure for each of the 29 recommendations. Where the Company has departed from a recommendation, the Company has provided substantive reasons and refers to material containing additional disclosure, as relevant.

CORPORATE GOVERNANCE STATEMENT *(continued)*

The "if not, why not" disclosure of the Company is summarised in the table below:

Recommendation	**Explanation of Departure from Recommendation**
1.5	Given the Company's small size and stage of development, it is not appropriate to establish a formal gender diversity policy. However, its recruitment is fundamentally driven by identifying the best candidate for all positions regardless of gender.
2.1	Owing to the size and composition of the Board, it is not appropriate to establish an independent Nomination Committee, or to establish a formal nomination policy and that its resources would be better utilised in other areas. In accordance with the Company's policy and procedure for selection and appointment of new Directors, the full Board currently carries out the duties that would ordinarily be assigned to the Nomination Committee. Candidates for the Board are considered and selected by reference to a number of factors including their relevant experience and achievements, compatibility within the Company's scope of activities and intellectual and physical ability to undertake Board duties and responsibilities.
2.2	The Board does not have, and has not disclosed, a skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. Owing to the size of the Company and its operations, the Board does not consider the need to have a skills matrix as it considers the Board to have the appropriate skills for the operation and governance of the Company. Should the Company's operations expand or change, the Board will re-consider the needs for a skills matrix.
4.2	As at the date of this Annual Report, the Company has not appointed a CEO or chief financial officer ("the CFO"), accordingly it cannot comply with this Recommendation. Due to the size and scale of the Company's operations, these roles are currently performed by the Board, specifically Mr Jeffrey David Edwards and Chairman, Mr Glyn Denison, who is primarily responsible for financial matters in relation to the Company. These directors provide the declaration required by section 295A of the Corporations Act.
7.1 and 7.2	Due to the size and scale of the Company and the Board, a separate committee has not been established to oversee risk management. However, the Board has established a formal risk management policy to recognise and manage risk. Risk oversight, management and internal control are dealt with on a continuous basis by the Company Secretary and the Board, with differing degrees of involvement from various Directors and the Company Secretary, depending upon the nature and materiality of the matter. The Board continuously reviews material business risks to identify whether the system for identifying and reporting risks is being managed effectively.

CORPORATE GOVERNANCE STATEMENT *(continued)*

Recommendation	Explanation of Departure from Recommendation
8.3	Whilst the Company has a policy for dealing in the Company's securities which sets out circumstances in which the Company's directors and employees are prohibited from dealing with the Company's securities (including shares and options), there is no specific prohibition on transactions which limit the economic risk of participating in the Company's equity-based remuneration scheme. However, the Directors note that there is no market for exchange-traded options in respect of the Company's securities and, for all practical purposes, there is no capacity for scheme participants to directly limit the economic risk associated with their holdings of the Company's securities pursuant to the Company's equity-based remuneration scheme. The Company's policy for dealing in the Company's securities is available on the Company's website.

It is noted that as the Company's activities develop in size, nature and scope, the Company's corporate governance policies and processes will continue to be reviewed and improved as resources permit.

1. BOARD OF DIRECTORS

1.1. Role of Board

The Board is responsible for setting the strategic direction and establishing and overseeing the policies and financial position of the Company, and monitoring the business and affairs on behalf of its Shareholders, by whom the directors of the Company ("the Directors") are elected and to whom they are accountable.

Further, the Board takes specific responsibility for:

- Protecting and enhancing Shareholder value;
- Formulating, reviewing and approving the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- Ensuring that adequate internal control systems and procedures (including financial, risk management, occupational health and safety, environmental management systems and procedures) exist and that compliance with these systems and procedures is maintained;
- Identifying significant business risks and ensuring that such risks are adequately managed;
- Appointing Directors to the Board;
- Monitoring and reviewing the performance and remuneration of Directors;
- Monitoring and evaluating the Company Secretary's performance;
- Establishing and maintaining appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

CORPORATE GOVERNANCE STATEMENT *(continued)*

The Board is responsible for establishing a culture and framework that supports corporate governance, including creating the strategic direction for the Company, establishing goals for employees and the Company Secretary and monitoring the achievement of these goals.

The Company has a formal Board Charter, which is available from the Company on request. In broad terms, the Board is accountable to the Shareholders and must ensure that the Company is properly managed to protect and enhance Shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

1.2. Terms of Office of Directors

The constitution of the Company ("the Constitution") specifies that one third of the Directors, excluding the Managing Director, Mr Jeffrey Edwards, shall rotate on an annual basis.

1.3. Composition of the Board and Independence

The Directors in office at the date of this statement are:

Name	Position	Independent	Expertise
Mr Jeffrey David Edwards	Managing Director	No	Refer to Director's Report
Mr Glyn Gregory Horne Denison	Non-executive Director	Yes	Refer to Director's Report
Dr Christopher John Quirk	Non-executive Director	Yes	Refer to Director's Report

The Board considers the majority of Directors to be independent, commensurate with Recommendation 2.3. Dr Christopher Quirk is considered to be independent, notwithstanding his 1.02% shareholding in the Company because the Board does not consider his shareholding to interfere with his capacity to bring independent judgement to matters before the Board or to act in the best interest of the Company. Dr Quirk has held his role as Director for 12 years. Mr Glyn Denison is also considered to be independent, notwithstanding his contractual relationship with the Company to act as a business consultant for the Company one day per week because the Board does not consider on day of consultancy to interfere with his capacity to bring independent judgement to matters before the Board or to act in the best interest of the Company. Mr Denison has held his role as Director for 10 years. Mr Jeffrey Edwards is not considered to be independent, owing to the nature of his relationship with the Company.

In accordance with Recommendation 2.5, the Chair of the Company is Mr Glyn Denison, who is considered by the Board to be independent.

1.4. Composition of the Board and Board Skills

The Company has not established a formal policy for the nomination and appointment of Directors. However, the composition of the Board is determined using the following principles:

- The Board comprises three (3) Directors; however, this number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified; and
- The Board should comprise Directors with a broad range of expertise.

CORPORATE GOVERNANCE STATEMENT *(continued)*

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board selects a panel of candidates with the appropriate expertise and experience. Potential candidates are identified by the Board with advice from an external consultant, if necessary. The Board then appoints the most suitable candidate who must stand for election at a general meeting of Shareholders.

1.5 Monitoring of Board Performance

In accordance with Recommendation 1.6, the Directors' performance is reviewed by the Chair on an ongoing basis. In the event that any Director's performance is considered to be unsatisfactory, that Director will be asked to retire from the Board. The Chair performed this review during the reporting period.

The Chair's performance is reviewed by the remaining two Board members on an ongoing basis. The remaining two Board members undertook this review during the reporting period.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Directors' performance during the course of the year ("the Guidelines"). Those Guidelines include minimum requirements for attendance at all Board and Shareholder meetings, whereby the non-attendance of a Director at more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed.

1.6 Professional Development and Independent Professional Advice

In accordance with Recommendation 2.6, each Director has the right, in connection with his/her duties and responsibilities as a Director, to seek professional development opportunities to develop and maintain the necessary skills and knowledge and independent professional advice at the Company's expense. However, prior approval of the Chairman (as elected) is required, which will not be unreasonably withheld.

2. EXECUTIVE MANAGEMENT

2.1 Role and Responsibility of Executive Management

In accordance with Recommendation 1.1, the Company's board charter specifies that the role of management is to support the Board and to implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In accordance with Recommendation 1.4, the Company's company secretary is accountable directly to the board, through the Chair of the Company, Mr Glyn Denison.

2.2 Monitoring of Executive Management's Performance

In accordance with Recommendation 1.7, the executive management's performance is reviewed by the Board on an annual basis.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the executive management's performance during the course of the year ("the Guidelines"). Those Guidelines include a Board competency questionnaire and Chairman's assessment.

The Board undertook an executive management performance review during the reporting period.

CORPORATE GOVERNANCE STATEMENT *(continued)*

2.3 CEO and CFO Attestations

As at the date of this Annual Report, the Company has not appointed a CEO or chief financial officer ("the CFO"). Due to the size and scale of the Company's operations, these roles are currently performed by the Board, specifically Mr Jeffrey David Edwards and Mr Glyn Denison who are primarily responsible for financial matters in relation to the Company.

In lieu of the CEO and CFO's attestations, Mr Jeffrey David Edwards and Mr Glyn Denison certifies to the Board that:

- The Company's financial reports are complete and present a true and fair view, in all material aspects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards ("the Executive Director's Statement"); and
- The Executive Director's Statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating effectively and efficiently in all material aspects.

3. BOARD COMMITTEES

3.1. Nomination Committee

Owing to its size and composition, the Company has not established a separate nomination committee.

Rather, the Board considers that the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee. In any event, the Board consists of only three members, which is the minimum composition recommended for a nomination committee pursuant to Recommendation 2.1.

The Board does not have a separate charter for its nomination and succession planning functions. However, the Company does have a separate policy and procedure for selection and appointment of new Directors, pursuant to which candidates are considered and selected by the Board by reference to a number of factors including their relevant experience and achievements, compatibility within the Company's scope of activities and intellectual and physical ability to undertake Board duties and responsibilities.

3.2. Audit Committee

The Company has established an Audit Committee, which comprises Mr Glyn Denison (Chairman), Dr Christopher Quirk (non-executive director) and Mr John Palermo (Company Secretary).

The majority of the Auditor Committee members are independent and all Directors are financially literate. In addition, the Company Secretary holds financial qualifications. The Directors and Company Secretary have, together, accumulated sufficient technical expertise in other directorships to provide valuable insight and technical knowledge, allowing the Board to verify and safeguard the integrity of the Company's financial reports.

Preserving the spirit of Principle 4, the external auditor has full access to the Board throughout the year.

The Audit Committee has a separate charter for its audit functions, which charter specifies the following responsibilities:

- to monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- to review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;

CORPORATE GOVERNANCE STATEMENT *(continued)*

- to monitor and review the effectiveness of the Company's internal audit function (if any);
- to monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- to perform such other functions as assigned by law, the Company's constitution, or the Board.

The Audit Committee also reviews the performance of the external auditors on an annual basis and ensures that the external auditor is required to attend the AGM of the Company and is available to answer questions from shareholders.

3.3. Remuneration Committee

The Company has established a Remuneration Committee, which comprises Mr Glyn Denison (Chairman), Mr Jeffrey Edwards (Managing Director) and Mr John Palermo (Company Secretary).

The Remuneration Committee has a separate charter for its remuneration functions, which charter specifies the following responsibilities:

- to make decisions with respect to appropriate remuneration and incentive policies for executive directors and senior executives;
- to ensure that executive remuneration pages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives;
- to ensure that fees paid to non-executive directors are within the aggregate amount approved by shareholders;
- to ensure that non-executive directors are not entitled to retirement benefits other than statutory superannuation entitlements or to participate in equity-based remuneration schemes without due consideration and appropriate disclosures to shareholders;
- to review and make recommendations concerning long-term incentive compensation plans; and
- to ensure that incentive plans are designed around appropriate and realistic performance targets.

The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages.

In making decisions with respect to appropriate remuneration and incentive policies for executive Directors and the Company Secretary, the Remuneration Committee's objectives are to:

- motivate executive Directors and the Company Secretary to pursue the long term growth and success of the Company within an appropriate control framework;
- demonstrate a clear correlation between key performance and remuneration; and
- align the interests of key leadership with the long-term interests of the Company's shareholders.

Shareholder approval is also required to determine the maximum aggregate remuneration for non-executive Directors. The maximum aggregate remuneration approved for non-executive Directors is currently set at $250,000 per annum.

Full disclosure of the Company's remuneration philosophy and framework, and the remuneration received by Directors in the current period, is set out in the Remuneration Report, which is contained within the Directors' Report.

The Remuneration Committee meets twice per year and met twice during the reporting period.

CORPORATE GOVERNANCE STATEMENT *(continued)*

4. DIVERSITY

The Company does not currently have a formal gender diversity policy in place. However, its recruitment is fundamentally driven by identifying the best candidate for all positions regardless of gender. Based on the current scale of activities of the Company, there is no set objective to achieve a certain percentage of female employees in the workforce.

The Board does not currently believe that the adoption of a formal gender diversity policy would significantly improve the functions currently performed by the Board.

Given the Company's small size and stage of development, the Board considers it impractical at this time to set measurable diversity objectives and adopt a formal gender diversity policy.

The Company currently has 12 employees, of which 8 are male and 4 are female. There are no women in senior executive positions or on the Board. However, while the Board considers this to be appropriate at this stage of the Company's development, the Company will review this requirement annually as the circumstances of the Company change.

5. ETHICAL STANDARDS

The Company has established a formal Code of Conduct ("the Code") as per Recommendation 3.1, which is available from the Company on request.

The Code outlines the Company's expectations of Directors, the Company Secretary and employees and its related bodies corporate in relation to their behaviour and the way business is conducted in the workplace on a range of issues. Directors, the Company Secretary and employees are committed to acting with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Directors, the Company Secretary and employees must conduct themselves in a manner consistent with the expectations of its stakeholders, commensurate with prevailing community and corporate standards, and must take responsibility for upholding the Company's legal obligations. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

6. DIRECTORS' DEALINGS IN COMPANY SHARES

The Company has implemented a formal trading policy as required by ASX Listing Rule 12.9. This policy applies to Directors, the Company Secretary, employees and contractors of the Company, and is available from the Company on request.

In addition, Directors must notify the Australian Securities Exchange of any acquisition or disposal of shares by lodgement of a Notice of Director's Interests. Board policy is to prohibit Directors, the Company Secretary and employees from dealing in shares of the Company whilst in possession of price sensitive information.

CORPORATE GOVERNANCE STATEMENT *(continued)*

7. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Company has implemented a formal Disclosure Policy and Shareholder Communication Strategy as suggested in Recommendation 5.1, which is available from the Company on request. This policy was introduced to ensure the Company achieves compliance with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules.

The Board aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to Shareholders through:

- The Annual Report which is distributed to all Shareholders;
- Half-yearly reports, quarterly reports and all ASX announcements which are posted on the Company's website;
- The Annual General Meeting and other meetings so called to obtain Shareholder approval for Board action as appropriate;
- Compliance with the continuous disclosure requirements of the ASX Listing Rules; and
- The Company's auditor is required to be present, and be available to Shareholders, at the Annual General Meeting.

The Company encourages full participation of Shareholders at an general meeting of Shareholders (including an annual general meeting). The Company also informally adopts several of the suggestions in Recommendation 6.3, including communicating to Shareholders electronically, and uploading its formal codes and policies to the Company's website.

In addition, the Company has implemented an investor relation program as suggested in Recommendation 6.2 and has engaged an external investor relations consultant to manage this program. The key responsibilities of the investor relations consultant include the following:

- distributing shareholder news electronically through setting up a mail-out system with latest announcements and news;
- dealing with requests from shareholders or potential shareholders;
- assisting in the writing, editing and managing content for any key report, communication, press release, advertisement and news article for newspapers and magazines;
- developing and editing investor presentations; and
- developing and maintaining website content.

8. RESPECT THE RIGHTS OF SHAREHOLDERS

The Company has a formal privacy policy ("the Privacy Policy"), which is available from the Company on request. The Company is committed to respecting the privacy of Shareholders' personal information. The Privacy Policy sets out the Company's personal information management practices and covers the application of privacy laws, personal information collection, the use and disclosure of personal information, accessing and updating Shareholders' information and the security of that information.

CORPORATE GOVERNANCE STATEMENT *(continued)*

9. RECOGNISE AND MANAGE RISK

Due to the size and scale of the Company and the Board, a separate committee has not been established to oversee risk management. However, the Board has established a formal risk management policy to recognise and manage risk. This risk management policy is available from the Company on request.

Risk management is a priority for the Board who remains vigilant in creating a culture, processes and structures directed to optimising the Company's opportunities whilst minimising and managing potential material business risks.

Risk oversight, management and internal control are dealt with on a continuous basis by the Company Secretary and the Board, with differing degrees of involvement from various Directors and the Company Secretary, depending upon the nature and materiality of the matter.

The Board continuously reviews material business risks to identify whether the system for identifying and reporting risks is being managed effectively. Determined areas of risk which are regularly considered include:

- Performance and funding of research and development activities;
- Budget control and asset protection;
- Status of intellectual property;
- Compliance with government laws and regulations;
- Safety and the environment;
- Continuous disclosure obligations; and
- Sovereign risk.

The Company does not have a formal internal audit function to assist the Board in evaluating risk management and internal control processes. Rather Mr Jeffrey David Edwards performs this function for the benefit of the Board.

The Annual Report sets out the major categories of risk applicable to the Company, which is set out in the Notes to the Financial Statements in the Annual Report.